

October 22, 1996 Summary of Revisions to the  
Ameritech Operating Companies (AOCs) Part 64 Cost Allocation Manual (ACAM)

<u>Item Number</u>	<u>Page(s) (USOA Account)</u>	<u>Change From</u>	<u>Change To</u>	<u>Reason For Change</u>	<u>Quantification Statement</u>
12	VI-52 (6561)	<ul style="list-style-type: none"> <li>• Information Origination/Termination</li> </ul> <p>Cost Pool Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Relative Charges/Credits to Account 3100 Information Origination/Termination Subaccounts Excluding Nonregulated CPE and Large Private Branch Exchanges and Equal Access</li> </ul> <p>Regulated/Nonregulated Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Relative Cost: Information Origination/Termination Investment Accounts 2311-2362 Less Accounts 2311, 2341 and Equal Access</li> </ul>	<ul style="list-style-type: none"> <li>• Information Origination/Termination</li> </ul> <p>Cost Pool Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Relative Charges/Credits to Account 3100 Information Origination/Termination Subaccounts Excluding Nonregulated CPE, Large Private Branch Exchanges and Public Telephone Terminal Equipment and Equal Access</li> </ul> <p>Regulated/Nonregulated Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Relative Cost: Information Origination/Termination Investment Accounts 2311-2362 Less Accounts 2311, 2341, 2351 and Equal Access</li> </ul>	<p>The cost pool and regulated/nonregulated apportionment bases for the Information Origination/Termination cost pool in Account 6561, Depreciation Expense - Telecommunications Plant In-Service have been modified to reflect the reclassification of payphone equipment to nonregulated operations pursuant to the Order in CC Docket No. 96-128 released September 20, 1996.</p>	<p>This change results in an estimated net annual decrease in the AOCs regulated operations of \$19,000 thousand.</p>

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13	VI-55 (6623)	<ul style="list-style-type: none"> <li>• Payphone Commissions</li> <li>• Customer Services: Regulated</li> </ul> <p>Cost Pool Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Cost Pool Equals Subaccount (s)</li> </ul> <p>Regulated/Nonregulated Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Directly Assigned to Regulated</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Services: Nonregulated &amp; Payphone Commissions</li> </ul> <p>Cost Pool Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Cost Pool Equals Subaccounts</li> </ul> <p>Regulated/Nonregulated Apportionment Basis:</p> <ul style="list-style-type: none"> <li>• Directly Assigned to Nonregulated</li> </ul>	<p>The Payphone Commissions and Customer Services: Regulated cost pools and their associated regulated/nonregulated apportionment bases in Account 6623, Customer Services have been combined and modified to reflect the reclassification of payphone equipment to nonregulated operations pursuant to the Order in CC Docket No. 96-128 released September 20, 1996.</p>	<p>This change results in an estimated net annual decrease in the AOCs regulated operations of \$76,700 thousand.</p>



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## II. DESCRIPTION OF NONREGULATED ACTIVITIES

### OVERVIEW

The following nonregulated activities currently offered meet the requirements of the Part 64 Rules and Regulations:

- Customer Dialed Account Recording (CDAR)
- Debit Card
- Digital Network Channel Terminating Equipment (NCTE)
- Enhanced (Facsimile) Fax Service
- Enhanced Services Planning
- Inmate Services
- Inside Wire
- Joint Marketing of Enhanced Services
- Marketing of a Bank Credit Card
- Message Delivery Service (MDS)
- Payphone Equipment
- Personal Access Services (PAS)
- Professional Services
- Protocol Conversion
- Sales, Installation and Maintenance of Customer Premises Equipment (CPE)
- Software Sales
- Spread Spectrum Alarm Service
- Voice Messaging Services (VMS)

Each activity is not offered by all of the AOCs. Where an activity is offered, the appropriate costs and expenses will be treated in accordance with the methods outlined in this Manual (See Exhibit II-1).

### NONREGULATED ACTIVITIES

#### CDAR

The Centrex feature Customer Dialed Account Recording (CDAR) is only offered in connection with the tariffed Station Message Detailed Recording (SMDR) feature. CDAR enables the customer to add an account numbers to the Automatic Message Recording (AMA) record of any call which is subsequently detailed on the customer's bill.

#### Debit Card

This activity could include the production and distribution of plastic cards which may have an encoded magnetic strip, and may be imprinted with unique account codes. The purchase of each card will represent the potential future use of regulated calling services accessed through an 800 number, such as intraLATA and interLATA (agreements with interexchange carriers will allow the customer the ability to choose a long distance company) calling services. These cards will be issued in various denominations, and will always include Ameritech's corporate logo. Additionally, this activity will include debit card promotion such as the creation of commercial greeting cards that will include a debit card, production of vanity debit cards with other corporate/private association logos, seasonal themes, depiction of Midwestern heritage, etc. The AOCs will recognize regulated revenue as the cards are used. When the usage occurs, nonregulated revenue for this activity will be reduced at the regulated tariffed rate and/or by the rates charged by the interexchange carrier used by the customer.

#### Digital NCTE

Digital Network Channel Terminating Equipment (NCTE) is generally associated with the provision of 1.544 Mbps Private Line Service. The equipment performs functions such as signal regeneration and circuit termination.



## **NONREGULATED ACTIVITIES (Continued)**

### **Message Delivery Service**

Message Delivery Service (MDS) provides customers a means of recording a message and having delivery attempts made to a called party when a busy or no answer condition exists. An interactive menu instructs the customer how to operate the service. At various prompts, the customer is instructed to record the calling party's name, their own name and a message of limited length. The service then makes several attempts to reach the called party. This service is considered comparable to telephone answering equipment and voice messaging services. This service may be accessed from pay telephones and Ameritech intends to conduct a trial. Enhanced features for this service may include deferred delivery, monitoring the status of the message delivery, remote access, modification of the message and the delivery date and time, interaction with prerecorded information among other features. MDS is provided by equipment that is separate and distinct from other central office equipment. To the extent that Message Delivery Services utilize the tariffed offerings of the AOCs, these services will be charged to the nonregulated activity at the tariffed rate.

### **Payphone Equipment**

The AOCs' payphone equipment has been reclassified to nonregulated status pursuant to the Order in CC Docket No. 96-128 released September 20, 1996. To the extent that this equipment will use the tariffed offerings of the AOCs, these services will be charged to the nonregulated activity at the tariffed rate.

### **Personal Access Services (PAS)**

Nonregulated personal access services are enhanced features which will permit increased end user accessibility. Functions of PAS allow stored fax information, voice mail and screening capability (e.g., PIN, recorded name and spoken caller number) transmission to an end user in accordance with an end user programmed call treatment hierarchy. To the extent that the PAS platform will utilize regulated services, they will be billed to the nonregulated activities at the tariffed rate.

### **Professional Services**

The AOCs will market an array of professional (e.g., legal, tax, marketing, human resources, etc.) services provided by third party vendors as well as those developed internally.

### **Protocol Conversion**

Protocol conversion is an enhanced service adjunct to three different classes of underlying basic services: 1) exchange telephone services; 2) private line service; and 3) the Ameritech Packet Switched Network (APSN). Protocol conversion includes conversion of a customer's protocol to a network compatible protocol or any other desired protocol.

### **Sales, Installation and Maintenance of CPE**

Ameritech Information Systems, Inc., a wholly-owned subsidiary of Ameritech Corporation, markets, installs and maintains customer premises equipment (CPE). The cost allocation methodologies specified for CPE in this Manual apply when the AOCs market, install or maintain CPE directly and/or market, install or maintain CPE in support of Ameritech Information Systems.

### **Software Sales**

Nonregulated Software Sales includes software either purchased for resale or internally developed for sale to nonaffiliated third parties.

### **Spread Spectrum Alarm Service**

Spread Spectrum Alarm Service provides for the transmission of alarm information between an alarm company and its customers and utilizes ordinary telephone loops. This service is provided pursuant to the Commission's "AST Order."



# NONREGULATED ACTIVITIES

EXHIBIT II-1  
PAGE 1 OF 2

## NONTARIFFED\* PART 32 SUMMARY ACCOUNTS APPORTIONED

USOA PART 32 SUMMARY ACCOUNT	CDAR	Debit Card	Digital NCTE	Enhanced Fax Service	Enhanced Services Planning	Inmate Services	Inside Wiring	Joint Marketing of Enhanced Services	Marketing of a Bank Credit Card	MDS	Payphone Equipment	Protocol Conversion	Professional Services	PAS	CPE	Software Sales	Special Spectrum Alarm Service	VMS
<b>ASSETS</b>																		
Inventories (1220)	✓		✓	✓		✓	✓			✓	✓	✓		✓	✓	✓	✓	✓
Deferred Charges (1439)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Property Held for Future Telecommunications Use (2002)																		
Telecommunications Plant Under Construction (2003)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Telecommunications Plant Adjustment (2005)																		
General Support (2110)	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Central Office Switching (2210)	✓			✓						✓		✓		✓			✓	✓
Operator Systems (2220)																		
Central Office Transmission (2230)																	✓	
Information Origination/Termination (2310)			✓			✓					✓				✓			
Cable/Wire Facilities (2410)																		
Amortizable Tangible Assets (2680)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Depreciation and Amortization (3100-3600)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>REVENUES</b>																		
Operating Revenues (5001-5270)											✓							
Nonregulated Operating Revenues (5280)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Uncollectibles (5301-5302)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>PLANT SPECIFIC EXPENSES</b>																		
Network Support (6110)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
General Support (6120)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Central Office Switching (6210)	✓			✓						✓		✓		✓			✓	✓
Operator Systems (6220)																		
Central Office Transmission (6230)																	✓	
Information Origination/Termination (6310)			✓			✓	✓				✓				✓			
Cable/Wire Facilities (6410)																		

NOTE: The above table illustrates all possible interfaces between nonregulated activities and Part 32 accounts; however, these services may not result in costs attributable to each account.

\* The costs of tariffed services used to provide nonregulated activities are charged at tariffed rates and are not subject to apportionment under this Manual.





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NOTE: The above table illustrates all possible interfaces between nonregulated activities and Part 32 accounts; however, these services may not result in costs attributable to each account. The costs of tariffed services used to provide nonregulated activities are charged at tariffed rates and are not subject to apportionment under the Manual.

USOA PART 32 SUMMARY ACCOUNT													PLANT NONSPECIFIC EXPENSES																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
CDAR	Debt Card	Digital	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Enhanced	Other Property/Equipment (6510)	Network Operations (6530)	Access Expense (6540)	Depreciation/Amortization (6560)	CUSTOMER OPERATIONS EXPENSES							CORPORATE OPERATIONS EXPENSES																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														

NONREGULATED PART 32 SUMMARY ACCOUNTS APPORTIONED

NONREGULATED ACTIVITIES (Continued)

# **VI. COST APPORTIONMENT METHODOLOGY**

## **OVERVIEW**

The methodology outlined in this section is used to apportion costs between regulated services and nonregulated activities of the AOCs. The accounts included in the methodology are those included in the Commission's ratemaking process.

The tables at the end of Section VI specify the treatment of each Part 32 account included in the Cost Allocation Manual. The tables are divided into major categories reflecting the nature of the accounts, including:

- Current Assets
- Noncurrent Assets
- Telecommunications Plant In-Service
- Accumulated Depreciation and Amortization
- Current Liabilities
- Other Liabilities and Deferred Credits
- Operating Revenues
- Plant Specific Operations Expense
- Plant Nonspecific Operations Expense
- Customer Operations Expense
- Corporate Operations Expense
- Other Operating Income and Expenses
- Nonoperating Income and Expenses
- Interest and Related Items
- Extraordinary Items
- Nonregulated Income Accounts

## **REVENUES**

Revenues from both regulated services and nonregulated activities are recorded in the books of account on the basis of Universal Service Order Codes (USOCs) and service rate elements, Carrier Access Billing System (CABS) Account Codes, billing and collection statements and miscellaneous bills. Revenues within the 5001-5270 Account Group are classified as either Telecommunications Operating Revenues or Other Operating Revenues (Non-Telecommunications). Account 5280: Nonregulated Operating Revenues summarizes the revenues derived from nonregulated activities. Subsidiary record categories are maintained to identify revenues for each nonregulated activity in Account 5280. Additionally, a revenue analysis (defined in a later discussion in this manual) of nonregulated sources is performed to determine which revenues that are not assigned to Account 5280, are associated with nonregulated activities.

## **COST POOL APPORTIONMENT BASES (Continued)**

### **Relative Investment Cost**

For those accounts where relative investment cost is specified as the basis of defining the cost pools, the proportion between the specific component of investment to the total investment indicator is used to determine the total account expenses or investment to be assigned to a cost pool.

Several different measures of relative investment cost are used; the specific measure used for an account depends upon the particular investment or expense account. The matrices define the accounts being evaluated in relation to a larger investment total for each appropriate cost pool.

Specific accounts which employ a measure of relative investment cost to apportion an account into the required cost pools are:

- Account 2111: Land
- Account 2115: Garage Work Equipment
- Account 3100: Accumulated Depreciation
- Account 6211: Analog Electronic Expense
- Account 6212: Digital Electronic Expense
- Account 6232: Circuit Equipment Expense
- Account 6531: Power Expense
- Account 6532: Network Administration Expense

### **Revenue Analysis**

Accounts where a revenue analysis is performed require a review of underlying revenue transactions. This analysis is used where it is not possible to directly assign costs to Account 5280, Nonregulated Operating Revenue within the accounting systems used by the AOCs.

A revenue analysis locating sources of nonregulated revenue is used to identify nonregulated cost pools in the following revenue accounts:

- Account 5001: Basic Area Revenue
- Account 5050: Customer Premises Revenue
- Account 5060: Other Local Exchange Revenue
- Account 5081: End User Revenue
- Account 5082: Switched Access Revenue
- Account 5084: State Access Revenue
- Account 5100: Long Distance Message Revenue
- Account 5230: Directory Revenue
- Account 5262: Customer Operations Revenue
- Account 5263: Plant Operations Revenue
- Account 5264: Other Incidental Regulated Revenue

**COST APPORTIONMENT METHODOLOGY**  
Current Assets/Noncurrent Assets

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
1220 Inventories	Nonexempt	Cost Pool Equals Subaccount	Relative Cost: Cable and Wire Facilities Investment Accounts 2411-2441	Indirectly Attributable	This cost pool includes nonregulated property held for sale or lease such as CPE, detariffed digital NCTE and nonregulated payphone equipment.
	Held for Sale: Nonregulated	Cost Pool Equals Subaccount	Directly Assigned to Nonregulated	Directly Assignable	
	Cable and Wire Facilities	Cost Pool Equals Subaccounts	Relative Cost: Cable and Wire Facilities Investment Accounts 2411-2441	Indirectly Attributable	
	Motor Vehicles	Cost Pool Equals Subaccounts	Relative Cost: Motor Vehicle Investment (Acct. 2112)	Indirectly Attributable	
	Central Office	Cost Pool Equals Subaccount	Relative Cost: Central Office Investment Accounts 2211-2232	Indirectly Attributable	
	Other	Cost Pool Equals Subaccount	Relative Cost: Telecommunications Plant Investment Accounts 2112, 2122, 2123, 2124, 2211-2232, 2311- 2362, 2411-2441 (Less Accounts 2311, 2341 and 2351)	Indirectly Attributable	This cost pool includes all other subaccounts not included above.
1406 Nonregulated Investments	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	This account consists of investment associated with nonregulated activities not involving the joint or common use of assets or resources.
1410 Other Noncurrent Assets	Prepaid Postretirement Benefits	Not Applicable	Total Company Wages and Salaries	Indirectly Attributable	Prepaid postretirement costs are to be reflected in the interstate rate base pursuant to RAO Letter 20.
	Other	Residual of Account	Not Applicable	See Comments	This cost pool is not used in interstate ratemaking.
1439 Deferred Charges	Engineering	Cost Pool Equals Subaccount	Engineering Wages and Salaries Accounts 2211-2232, 2311- 2362, 2411-2441, 2681-2690, 6211-6232, 6311-6362, 6411- 6441	Directly Attributable	
	Compensated Absences	Cost Pool Equals Subaccount	Total Company Wages and Salaries	Indirectly Attributable	
	Other	Cost Pool Equals Subaccount	General Allocator	Unattributable	

**COST APPORTIONMENT METHODOLOGY**  
Telecommunications Plant In-Service

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
2232 Circuit Equipment (Continued)	Equal Access	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	
	Network Reconfiguration	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	
2311 Station Apparatus	Regulated	Not Applicable	Directly Assigned to Regulated	Directly Assignable	
	Nonregulated	Cost Pool Equals Account	Directly Assigned to Nonregulated	Directly Assignable	This account contains only nonregulated Station Apparatus Equipment investment.
2321 Customer Premises Wiring	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
2341 Large Private Branch Exchanges	Regulated	Not Applicable	Directly Assigned to Regulated	Directly Assignable	
	Nonregulated	Cost Pool Equals Account	Directly Assigned to Nonregulated	Directly Assignable	This account contains only nonregulated Large Private Branch Exchanges investment.
2351 Public Telephone Terminal Equipment	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	Nonregulated Public Telephone Terminal Equipment associated with Ameritech's Inmate Services is classified as nonregulated pursuant to the Commission's Declaratory Ruling in RM-8181, Released February 20, 1996. Other payphone equipment is classified as nonregulated pursuant to CC Docket No. 96-128, Released September 20, 1996.
2362 Other Terminal Equipment	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
2411 Poles	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
2421 Aerial Cable	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
2422 Underground Cable	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
2423 Buried Cable	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	

**COST APPORTIONMENT METHODOLOGY**  
Accumulated Depreciation and Amortization

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
3100 Accumulated Depreciation	Central Office	Cost Pool Equals Central Office Accounts Excluding Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Relative Cost: Central Office Investment Accounts 2211-2232 Less Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Indirectly Attributable	Central Office cost pool is identified through time and expense reporting to Field Reporting Codes representing detailed plant accounts.
	Information Origination/Termination	Cost Pool Equals Information Origination/Termination Accounts Excluding Nonregulated CPE, Large Private Branch Exchanges and Public Telephone Terminal Equipment	Relative Cost: Information Origination/Termination Investment Accounts 2311-2362 Less Accounts 2311, 2341 and 2351	Indirectly Attributable	Information Origination/Termination cost pool is identified through time and expense reporting to Field Reporting Codes representing detailed plant accounts.
	Cable and Wire Facilities	Cost Pool Equals Cable and Wire Facilities Accounts Excluding Network Reconfiguration	Relative Cost: Cable and Wire Facilities Investment Accounts 2411-2441 Less Network Reconfiguration	Indirectly Attributable	Cable and Wire Facilities cost pool is identified through time and expense reporting to Field Reporting Codes representing detailed plant accounts.
	General Support Assets	Cost Pool Equals General Support Assets Accounts Excluding Land, Equal Access and General Support Assets Embedded Investment in Individual Items of Small Value	Relative Cost: General Support Assets Investment Accounts 2111-2124 Less Acct. 2111, Equal Access and General Support Assets Embedded Investment in Individual Items of Small Value	Indirectly Attributable	General Support Assets cost pool is identified through time and expense reporting to Field Reporting Codes representing detailed plant accounts.
	Nonregulated	Cost Pool Equals Nonregulated Accounts	Directly Assigned to Nonregulated	Directly Assignable	Nonregulated cost pool is identified through time and expense reporting to Field Reporting Codes representing detailed plant accounts.
	Central Office Embedded Investment in Individual Items of Small Value	Cost Pool Equals Central Office Embedded Investment in Individual Items of Small Value Accounts	Relative Cost: Central Office Embedded Investment in Individual Items of Small Value Accounts 2211-2232	Indirectly Attributable	The amounts included in this cost pool represent the accumulated depreciation related to the embedded investment in Central Office test equipment and tools costing between \$200 and \$500 which is being amortized over an eight year period as specified in CC Docket No. 87-135.

**COST APPORTIONMENT METHODOLOGY**  
**Operating Revenues**

<b>USOA - Part 32 Account</b>	<b>Cost Pools</b>	<b>Cost Pool Apportionment Basis</b>	<b>Regulated/Nonregulated Apportionment Basis</b>	<b>Cost Definition</b>	<b>Comments</b>
5001 - 5004 Operating Revenues	<b>Nonregulated</b>	<b>Revenue Analysis</b>	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	Revenues in this cost pool are derived on the basis of an analysis of nonregulated revenue transactions.
	Other (Non-Telecom- munications)	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non-telecommunications activities.
	Telecommunications	<b>Residual of Account</b>	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
5010 Public Telephone Revenues	<b>Cost Pool Equals Account</b>	_____	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	This account is directly assigned to nonregulated pursuant to the Order in CC Docket No. 96-128 which required payphone equipment to be reclassified to nonregulated operations.
5040 - 5169 Operating Revenues	<b>Nonregulated</b>	<b>Revenue Analysis</b>	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	Revenues in this cost pool are derived on the basis of an analysis of nonregulated revenue transactions.
	Other (Non-Telecom- munications)	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non-telecommunications activities.
	Telecommunications	<b>Residual of Account</b>	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.



**COST APPORTIONMENT METHODOLOGY**  
Operating Revenues

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
5230 Directory Revenue	Telecommunications	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
	Other (Non-Telecom- munications)	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non- telecommunications activities.  This account contains no nonregulated revenue. Revenue associated with yellow pages publishing activities are booked by the AOCs' publishing affiliate.
5240 - 5270 Operating Revenues	Telecommunications	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
	Other (Non-Telecom- munications)	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non- telecommunications activities.
5280 Nonregulated Operating Revenue	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	This cost pool includes all revenues derived from nonregulated activities involving the joint or common use of assets or resources. Corresponding debit entries for tariffed services provided to a nonregulated activity and nonregulated inventory adjustments are also charged to this account.
5301 Uncollectible Revenue - Telecommunications	Cost Pool Equals Account	_____	Relative Regulated/Nonregulated Telecommunications Operating Revenues	Indirectly Attributable	
5302 Uncollectible Revenue - Other	Cost Pool Equals Account	_____	Relative Regulated/Nonregulated Other Operating Revenues (Non-Telecommunications)	Indirectly Attributable	

**COST APPORTIONMENT METHODOLOGY**  
**Plant Specific Operations Expense**

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6341 Large Private Branch Exchange Expense	Regulated  Nonregulated  Common Unknown Trouble (No-Access) /No-Trouble-Found	Not Applicable  Cost Pool Equals Account  Not Applicable	Directly Assigned to Regulated  Directly Assigned to Nonregulated  Trouble Report Analysis: The regulated component of the apportionment basis equals 75% of the ratio of regulated trouble counts cleared, to total trouble counts cleared. One hundred percent minus the regulated ratio calculated above represents the nonregulated component of the apportionment basis.	Directly Assignable  Directly Assignable  Indirectly Attributable	Not applicable to the Ameritech operating companies.  Included in this cost pool is nonregulated Large Private Branch Exchange Expense travel time.  Large Private Branch Exchange Expense labor associated with Unknown Trouble (No-Access) /No- Trouble-Found is directly assigned to the Nonregulated cost pool in this account.
6351 Public Telephone Terminal Equipment Expense	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	Nonregulated Public Telephone Terminal Equipment associated with Ameritech's Inmate Services is classified as nonregulated pursuant to the Commission's Declaratory Ruling in RM-8181, Released February 20, 1996. Other payphone equipment is classified as nonregulated pursuant to CC Docket No. 96-128, Released September 20, 1996.
6362 Other Terminal Equipment Expense	Regulated	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Included in this cost pool is directly assignable regulated Other Terminal Equipment Expense travel time. Additionally, 50% of Other Terminal Equipment Expense combination travel time is assigned to this pool.

**COST APPORTIONMENT METHODOLOGY**  
Plant Nonspecific Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6533 Testing Expense	Subscriber Line Testing: Regulated	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of costs related to Regulated Subscriber Line Testing identified through time and expense reporting to a subaccount.
	Subscriber Line Testing: Shared	Cost Pool Equals Subaccount	Trouble Report Analysis	Directly Attributable	
	Service Order Testing	Cost Pool Equals Subaccount	Service Order Analysis	Directly Attributable	This cost pool consists of costs related to Service Order Testing identified through time and expense reporting to a subaccount.
	Interoffice Testing	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of costs related to Interoffice Testing identified through time and expense reporting to a subaccount.
	Public Telephone Testing	Cost Pool Equals Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	This cost pool consists of costs related to Public Telephone Testing identified through time and expense reporting to subaccounts.
	Other	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	
6534 Plant Operations Administration Expense	Administrative	Cost Pool Equals Subaccount Net of Clearance Subaccount	Plant Repair and Maintenance Wages and Salaries Accounts 6211-6232, 6311-6362, 6411- 6441	Indirectly Attributable	The balance remaining in Account 6534 after clearance represents indirect supervision and support related to maintenance activities.
	Other: Regulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Regulated	Directly Assignable	
	Other: Nonregulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	
	Other: Shared	Cost Pool Equals Residual of Account	Plant Support Wages and Salaries Accounts 2211-2232, 2311-2362, 2411-2441, 2681- 2690, 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	

**COST APPORTIONMENT METHODOLOGY**  
Plant Nonspecific Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6535 Engineering Expense	Administrative	Cost Pool Equals Subaccount Net of Clearance Subaccount	Plant Engineering Wages and Salaries Accounts 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	The balance remaining in Account 6535 after clearance represents indirect supervision and support related to engineering activities.
	Other: Regulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Regulated	Directly Assignable	
	Other: Nonregulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	
	Other: Shared	Cost Pool Equals Residual of Account	Engineering Wages and Salaries Accounts 2211-2232, 2311-2362, 2411-2441, 2681-2690, 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	
6540 Access Expense	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6561 Depreciation Expense - Telecommunications Plant In-Service	Central Office	Relative Charges/Credits to Account 3100 Central Office Subaccounts Excluding Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Relative Cost: Central Office Investment Accounts 2211-2232 Accounts Less Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Indirectly Attributable	Central Office cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts. Note that this cost pool excludes the amortization expense related to the embedded investment in Central Office test equipment and tools costing between \$200 and \$500 which is being amortized over an eight-year period in Account 6565 as specified in CC Docket No. 87-135.
	Information Origination/Termination	Relative Charges/Credits to Account 3100 Information Origination/Termination Subaccounts Excluding Nonregulated CPE, Large Private Branch Exchanges, Public Telephone Terminal Equipment and Equal Access	Relative Cost: Information Origination/Termination Investment Accounts 2311-2362 Less Accts. 2311, 2341, 2351 and Equal Access	Indirectly Attributable	Information Origination/Termination cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts.
	Cable and Wire Facilities	Relative Charges/Credits to Account 3100 Cable and Wire Facilities Subaccounts Excluding Equal Access and Network Reconfiguration	Relative Cost: Cable and Wire Facilities Investment Accounts 2411-2441 Accounts Less Equal Access and Network Reconfiguration	Indirectly Attributable	Cable and Wire Facilities cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts.

**COST APPORTIONMENT METHODOLOGY**  
Customer Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6621 Call Completion Services	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6622 Number Services	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6623 Customer Services	Customer Services: Nonregulated & Payphone Commissions	Cost Pool Equals Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	This cost pool consists of nonregulated Customer Services costs and payphone commissions identified through time and expense reporting to subaccounts and costs that are billed by others including the following: <ul style="list-style-type: none"><li>• Coin Collecting</li><li>• Coin Counting</li><li>• Assigning Coin Routes</li><li>• Internal Coin Safeguarding</li></ul>
	Customer Services/Service Order Processing	Cost Pool Equals Subaccounts	Service Order Analysis	Directly Attributable	This cost pool consists of Customer Services and service order processing costs identified through time and expense reporting to subaccounts including: <ul style="list-style-type: none"><li>• Service Order Negotiation</li><li>• Billing and Miscellaneous Inquiries</li><li>• Payment Arrangement Negotiation</li></ul>
	Customer Billing and Collection	Cost Pool Equals Subaccounts	Relative Regulated/ Nonregulated Telecommunications Operating Revenues	Directly Attributable	This cost pool consists of message processing customer billing and collection costs (not directly assigned to the regulated cost pool) identified through time and expense reporting to subaccounts including: <ul style="list-style-type: none"><li>• Customer Bill Accounting</li><li>• Remittance Processing</li><li>• Customer Bill Mailing</li></ul>
	Customer Billing and Collection: Bill Processing and Rendering - Regulated	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of regulated bill processing and rendering billing and collection costs including amounts paid to other carriers.

## **ATTACHMENT F**

2000 West Ameritech Center Drive  
4G50  
Hoffman Estates, IL 60138  
Office 847/248-3398  
Fax 847/248-2180



1996

Robin Gleason  
Director - Regulatory Finance

November 19, 1996

Mr. Kenneth Ackerman  
Chief, Accounting Systems Branch  
Accounting and Audits Division  
Federal Communications Commission  
2000 L Street, N.W. - Suite 812  
Washington, D.C. 20036

RE: Ameritech Operating Companies' Submission of Revisions to  
their Cost Allocation Manual -- AAD 7-1668 and CC Docket  
No. 96-128

Dear Mr. Ackerman,

Ameritech filed revisions to their Ameritech Cost Allocation Manual (ACAM) on October 22, 1996 in accordance with the Commission's Report and Order on pay telephone, whereby carriers were required to file revisions no later than February 14, 1997 (See In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, released September 20, 1996, at paragraphs 163 and 369). With this letter, Ameritech is notifying the Commission that it recognizes that the effective date of the ACAM payphone modifications and Ameritech's ability to collect interim compensation is dependent on Ameritech's fulfillment of all conditions specified in the Commission's Reconsideration Order in the above captioned proceeding (See Order on Reconsideration, CC Docket 96-128 and 91-35, released November 8, 1996 at Paragraphs 131 and 132).

Ameritech will notify you by letter of the effective date of the ACAM payphone modifications.

Please call me if you wish to discuss further.

Sincerely,

*Robin M. Gleason*